

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

VELCERA, INC. AND FIDOPHARM,	)	
INC.	)	
Plaintiffs,	)	
	)	C.A. No. 1:11-cv-00134-GMS
v.	)	
	)	
MERIAL LIMITED,	)	JURY TRIAL DEMANDED
Defendant,	)	
	)	
<i>and</i>	)	
	)	
MERIAL LIMITED AND BASF AGRO,	)	
B.V., ARNHEM (NL), WÄDENSWIL	)	
BRANCH,	)	
Counterclaim-Plaintiffs,	)	
	)	
v.	)	
	)	
VELCERA, INC. AND FIDOPHARM,	)	
INC.,	)	
Counterclaim-Defendants,	)	
	)	
<i>and</i>	)	
	)	
VELCERA, INC. AND FIDOPHARM,	)	
INC.,	)	
Counterclaim-Plaintiffs,	)	
	)	
v.	)	
	)	
BASF AGRO, B.V., ARNHEM (NL),	)	
WÄDENSWIL BRANCH,	)	
Counterclaim-Defendant.	)	

**DECLARATION OF DENNIS F. STEADMAN IN SUPPORT OF VELCERA AND  
FIDOPHARM'S OPPOSITION TO MERIAL LIMITED AND BASF AGRO'S MOTION  
TO DISMISS PLAINTIFFS' DECLARATORY JUDGMENT COMPLAINT**

I, Dennis Steadman, state as follows:

1. I am the Chief Executive Officer of Velcera, Inc. ("Velcera"). I have personal knowledge of the facts set forth in this declaration and, if called upon, could testify truthfully and accurately thereto.

2. Velcera and its wholly-owned subsidiary FidoPharm, Inc. ("FidoPharm") are small start-up companies seeking to provide high quality, affordable and more readily accessible pharmaceutical and parasiticide products for pets. Velcera was founded in 2004 to develop new ways to deliver medicines to companion animals such as dogs and cats. Velcera and FidoPharm currently employ approximately 12 employees.

3. As patents protecting the chemical compound for fipronil were set to begin expiring in 2010, Velcera began developing plans to enter the market for fipronil-based flea and tick control products that would directly compete with Merial's Frontline® series products. Beginning in late 2006, Velcera began developing a business plan to enter the market for fipronil-based animal health products.

4. FidoPharm, a wholly-owned subsidiary of Velcera, entered into a license and development agreement with Omnipharm, a British pharmaceutical company that for some time and independently of Velcera and FidoPharm had been exploring the market for fipronil-based flea and tick control products.

5. After entering into the license and development agreement, Omnipharm and FidoPharm continued to work together to develop a proprietary formulation that would not only be effective, but would also meet U.S. regulatory requirements. Ultimately, at the suggestion of Omnipharm, Cipla was selected as the manufacturer to produce the end product overseas in accordance with Velcera's and FidoPharm's specifications.

6. Velcera and FidoPharm have developed four lines of fipronil-based flea and tick control products for the retail and veterinary markets. For the retail market, FidoPharm developed PetArmor®, a fipronil product comparable to Frontline Top Spot®, and PetArmor® Plus, a fipronil and methoprene combination product comparable to Frontline® Plus. Velcera® Fipronil and Velcera® Fipronil Plus are rebranded versions of PetArmor® and PetArmor® Plus, respectively, that are targeted at the veterinary market. Within each of the product lines, there are five versions of the product: four versions for dogs (each appropriate for a different range of body weight) and one version for cats.

7. FidoPharm first imported PetArmor® and PetArmor® Plus into the United States in March 2011. FidoPharm first sold PetArmor® and PetArmor® Plus to its customer Walmart in April 2011.

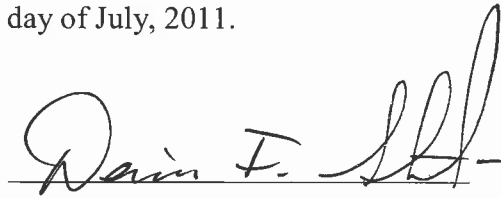
8. PetArmor® has been available for purchase by consumers in the United States since April 2011 and can currently be purchased at multiple retail stores nationwide, including Walmart, Target, HEB and Walgreens and via the internet, including at walmart.com. Velcera and FidoPharm have no plans to discontinue sales of PetArmor®.

9. Velcera uses the same fipronil technical from the same manufacturer for both PetArmor® and PetArmor® Plus.

10. In compliance with the Georgia court's contempt order, Velcera and FidoPharm intend to continue to sell fipronil and methoprene products under the PetArmor® Plus brand manufactured by another supplier.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed at Yardley, Pennsylvania this 19th day of July, 2011.

A handwritten signature in black ink, appearing to read "Dennis F. Steadman", written over a horizontal line.

Dennis Steadman